

# Joint Costs

Operations Project Manager PROSPECT Course  
7-11 August 2006

## OBJECTIVES

- ◆ Students will have general knowledge of:
  - What are project purposes?
  - Are they the same as business lines?
  - What is this thing Category 100, Category 200 and Category 300 projects?
  - What are cost allocation studies?
  - What are joint activities?
  - What are joint costs?
  - What is the difference?

# Project Purposes

- ◆ A purpose is defined at the type of function that the project provides
  - There are 18 Authorized project purposes listed in Appendix A of ER 37-1-30
- ◆ Purposes for which the project was constructed
  - Navigation, Flood Damage Reduction, Hydropower, Water Supply, Recreation, Environmental Stewardship
- ◆ Spelled out in the authorizing documents
  - Reference ER 37-1-30 Chapter 14
  - Flood control act of 1944

# Project Purposes

- ◆ Primary purposes
  - Those purposes for which the project was specifically built
  - Flood Control – Many dam projects
  - Navigation – self explanatory
  - Recreation – some projects
- ◆ Incidental services or purposes
  - Ancillary benefit of building project
    - ◆ Environmental Stewardship
  - Recreation – many projects
- ◆ Look a lot like business lines but do not match up one for one
  - Ex. Fish & Wildlife is a purpose
  - Environmental Stewardship is the business line

## Category Class Code of Projects

### ◆ Category 100 Projects

- Single primary purpose project
- Navigation

### ◆ Category 200 Projects

- Single primary purpose project
- Flood damage reduction

### ◆ Category 300 Projects

- Multi primary purpose project with Hydropower
- Navigation, Flood damage and Hydropower

## Two Types of Costs

### ◆ Reimbursable costs

- Construction and O&M costs at projects for power, irrigation and water supply
- Costs for generating hydroelectric power are recovered through marketing and selling power to commercial activities

### ◆ Non-reimbursable costs

- Costs are borne entirely by the Federal Government

## Two Types of Project Costs

### ◆ Specific costs

- Costs that are attributable to a single purpose
- Paying electrician in the power plant is a specific cost to hydropower
- Ranger pay for doing visitor assistance is a specific cost to recreation

### ◆ Joint purpose costs

- Per ER 37-2-10 Chapter 31
- Only on Category 300 projects
- "Joint costs are shared by all authorized purposes of the project."
- Ex: Putting roof on administration building. Admin building supports all purposes not just one
- "Joint costs are distributed to individual purposes using joint allocation percentages."

## Cost Allocation Studies

### ◆ Study performed at the beginning of project to determine what benefits there will be for the purposes from building the project

- Prepared in accordance with ER 1105-2-100

### ◆ Determines the joint cost allocation for that given project

- The percentage split of the joint costs to each of the primary purposes
- Ex. 44% hydropower, 32% flood damage reduction, 24% Navigation

## Joint Costs

- ◆ Expenditures on Joint Activities
  - Work category codes 6X6XX
- ◆ Expenditures on non-specific purposes such as environmental stewardship
  - Work category codes 6X4XX
  - Ancillary benefit of building our projects
  - Most folks don't realize these costs are included at the end of the FY as joint costs
- ◆ Joints costs can be/and usually are more than the Joint Activities budgeted at a project

**QUESTIONS????**